



DEPARTMENT OF ADMINISTRATION
VICTIMS OF CRIME PROGRAM
www.voc.nv.gov

March 26, 2009

To: Assemblyman Bernie Anderson, Chairman
Assembly Judiciary Committee

From: Bryan Nix, VOCP Coordinator

Re: AB 283

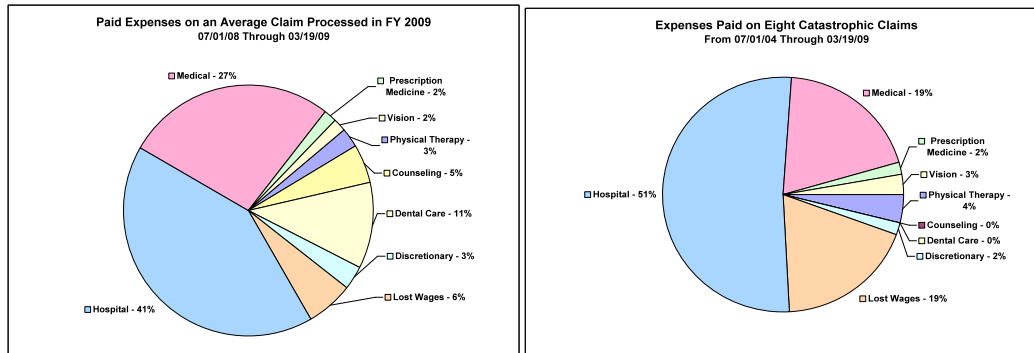
Bill Sponsor: Assemblyman Mark Manendo

VOCP Catastrophic Injury Claims

Catastrophic injury claims are claims where the victim has suffered the loss of multiple limbs, quadriplegia, paraplegia, or blindness. The VOCP receives 1.6 such claims per year. These claims usually involve large medical bills, and the victims often have substantial medical needs. The VOCP wishes to provide additional medical benefits and other assistance to such victims. The VOCP cannot do this with the current statutory cap on claim benefits.

These claims involve the payment of benefits over a period of time. The VOCP does not pay cash awards or lump sum payments beyond limited back wage and survivor claims. Acceptance of a catastrophic injury claim would not result in any large awards or other such payments. ***As I will document below, removing the statutory claim cap to allow for catastrophic injury claims will have the equivalent impact of accepting three to six additional claims per year.***

As the following two charts show, hospital bills dominate catastrophic injury claims much more so than in other victim claims. After the payment of these bills, the claim cap limits our ability to assist the victim with counseling, physical therapy, lost wages or other benefits.



In some cases the victim may need home health care for a period of recovery, or may need expensive prosthetics or assistance modifying access to a home or vehicle. Lifting the statutory cap of \$50,000 would allow the VOCP to provide this type assistance to this very limited number of victims.

Allowing catastrophic injury claims to be paid at levels exceeding the \$50,000 claim cap would have no impact on the VOCP fund, or any victim with an approved claim. The policies adopted by the BOE allow for the absorption of additional claims and expenses in catastrophic injury claims, and in all other claims.

Claim Prioritization and Payment Process

The VOCP currently prioritizes claims based on certain criteria, and then pays claim expenses based on these priorities. This allows the VOCP to pay the most important victim expenses within the claim limits and resources of the VOCP. The following chart shows how FY09 YTD, expenses were paid by priority.

Priority One

	Billed	Paid	Saved
Medical/Dental Care	\$809,828.04	\$543,726.85	\$266,101.19
Funeral Expense	\$143,430.85	\$143,430.85	\$0.00
TOTALS	\$953,258.89	\$687,157.70	\$266,101.19

Priority Two

	Billed	Paid	Saved
Physical Therapy/Chiropractic	\$205,418.77	\$124,126.58	\$81,292.19
Mental Health Counseling	\$316,991.54	\$238,927.20	\$78,064.34
Survivor Benefit	\$78,394.00	\$78,394.00	\$0.00
Discretionary	\$155,460.85	\$153,801.38	\$1,659.47
Lost Wages	\$295,696.32	\$294,363.32	\$1,333.00
Prescription Medicine	\$78,456.22	\$75,274.35	\$3,181.87
Vision	\$99,419.83	\$81,628.54	\$17,791.29
TOTALS	\$1,229,837.53	\$1,046,515.37	\$183,322.16

Priority Three

	Billed	Paid	Saved
Hospital	\$10,483,633.27	\$2,033,536.80	\$8,450,096.47
Medical	\$2,144,571.82	\$1,325,803.10	\$818,768.72
TOTALS	\$12,628,205.09	\$3,359,339.90	\$9,268,865.19

Priority One claims are paid first by the program. They consist of bills for medical treatment or services that were provided to the victim that were preapproved by the Compensation Officer. Such bills may include funeral expenses, dental treatment, reparative cosmetic surgery, prosthetic devices or medical equipment such as wheelchairs.

Priority Two claims are paid after, or in conjunction with existing priority one claims, and consist of bills for services or benefits provided to the applicant after acceptance by the VOCP. These claims consist of expenses such as mental health counseling, lost wage reimbursement, prescription medication, relocation costs and medical expenses incurred after claim approval.

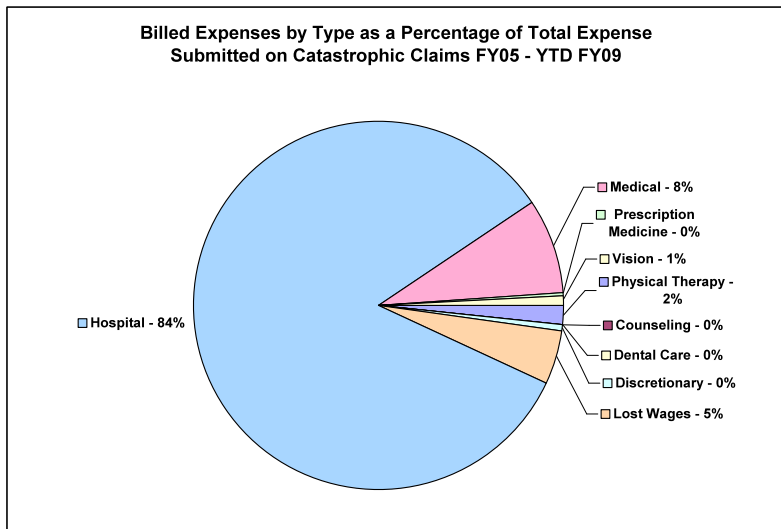
Priority Three claims are paid after existing known or anticipated priority one and priority two claims, and consist of bills or claims incurred by the victim prior to acceptance by the VOCP. Such claims include hospital emergency room bills; ambulance charges and other medical or service charges incurred by the victim before they applied to, and were approved by the VOCP.

Quarterly Payment Analysis and Adjustments

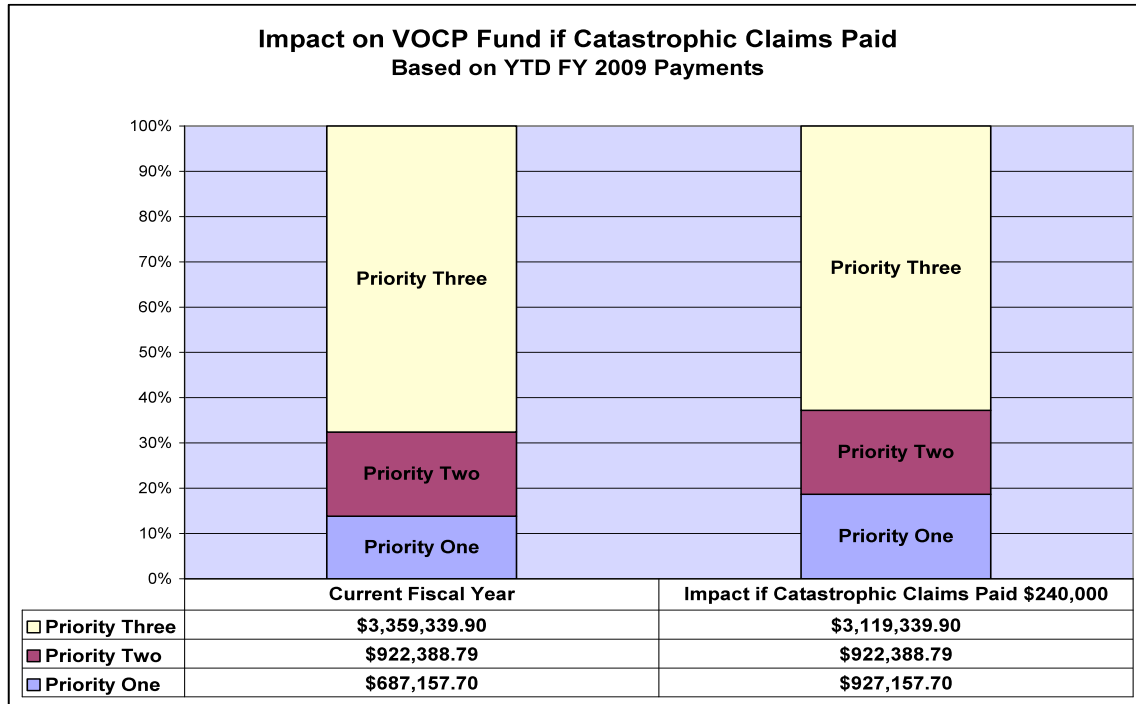
Priority Three claims are paid at the end of each fiscal year quarter - after the VOCP analyzes its current and expected financial position. This analysis includes projecting the expected claim expense on Priority One and Priority Two claims, then determining what funds will be available to pay Priority Three claims. These claims are then paid based on remaining funds budgeted for the quarter.

If there are not sufficient funds to pay claims at 100% of the approved amount, then all bills in this category are paid as a percentage of the available budgeted funds. For example, if \$2,500,000 were available to pay \$5,000,000 in priority three claims, then each priority three claim would be paid at 50% of the approved amount.

As the following chart shows, if these bills were not discounted in such a manner they would eat up the entire claim before any other benefits could be paid.



This process of prioritizing payments would allow the VOCP to pay expenses on catastrophic claims and only impact payments made on Priority Three claims, if at all. For example, if the VOCP paid \$240,000 on catastrophic claim expenses this year, the impact on the current fiscal year would be as follows:



The overall funding remains the same. The Priority One and Priority Two claims are all satisfied. The Priority Three claims absorb the impact, and based on available funding may be paid at a reduced rate.

Sample Catastrophic Injury Claim

A catastrophic claim involving a double amputation can involve the following standard expenses under pending VOCP Policies allowing for catastrophic injury claims up to the statutory cap of \$50,000:

Payment on Catastrophic Claim With Statutory Cap				
		Billed Charges	After Bill Review	Paid
Reserved Priority 2 Payments	Mental Health Counseling	\$2,100.00	\$1,575.00	\$1,575.00
	Discretionary	\$2,500.00	\$1,500.00	\$1,500.00
	Lost Wages	\$3,500.00	\$3,500.00	\$3,500.00
	Prescription Medicine	\$3,526.56	\$3,526.56	\$3,526.56
Remaining Priority 2 and Priority 3 Payments	Medical Expenses	\$52,083.94	\$28,320.72	\$19,373.46
	Physical Therapy	\$34,038.34	\$19,746.71	\$4,451.53
	Hospital	\$402,248.30	\$70,885.64	\$16,073.45
	TOTALS	\$499,997.14	\$129,054.63	\$50,000.00
* Discretionary includes home health care, child care expenses, Home health care, home access modifications etc.				

As you can see, hospital and medical expenses overwhelm the claim. Under the current statutory cap the claim would be maxed out before the victim had a chance to enter Rehab or obtain prosthetic limbs. If the statutory cap were eliminated this claim would be paid as follows:

Payment on Catastrophic Claim Without Statutory Cap				
		Billed Charges	After Bill Review	Paid
Reserved Priority 2 Payments	Mental Health Counseling	\$2,100.00	\$1,575.00	\$1,575.00
	Discretionary	\$2,500.00	\$2,500.00	\$2,500.00
	Lost Wages	\$3,500.00	\$3,500.00	\$3,500.00
	Prescription Medicine	\$3,526.56	\$3,526.56	\$3,526.56
Remaining Priority 2 and Priority 3 Payments	Medical Expenses	\$52,083.94	\$28,320.72	\$28,320.72
	Physical Therapy	\$34,038.34	\$19,746.71	\$19,746.71
	Prosthetic Legs	\$30,000.00	\$30,000.00	\$30,000.00
	Hospital	\$402,248.30	\$70,885.64	\$70,885.64
TOTALS		\$529,997.14	\$160,054.63	\$160,054.63

The total claim cost for this catastrophic injury claim would be \$160, 054.63. This would allow the VOCP to pay the medical providers 100% of their approved bills, lost wages, childcare, and home health care assistance. This would help the victim to receive Rehabilitation, and would provide the prosthetic limbs that would allow the victim to walk again.

VOCP Financial Status

The VOCP is financially capable of providing additional assistance to grievously injured victims without negatively impacting the VOCP fund. As the following two charts show the VOCP revenues are adequate to pay claims approved by the VOCP. The extensive claims review and cost containment policies allow the VOCP to satisfy victim claims far exceeding program revenues. The VOCP has a sophisticated claims management system, and claim processing policies and practices that will allow the VOCP to maximize benefits to catastrophically injured victims with available resources.

This chart shows the VOCP revenue projections for fiscal year 2009:

Projected Revenues for VOCP FY 2009	
Beginning Cash	1,710,103.00
Federal Grant	1,221,377.00
Filing Fees	1,171,415.45
Court Assessment	4,397,168.00
Civil Penalties	280,792.50
Fines/Forfeitures/Penalties	1,973,496.17
Reimbursements	101,670.83
Recoveries (Subrogation Settlements)	31,777.98
Miscellaneous Rev	871.88
Restitution Collections	234,481.22
Wage Assessment	476,027.99
Treasurer's Interest	72,168.80
Total	\$11,671,350.80

Administrative expenses, which include contractor fees, personnel expenses and operating costs, are expected to reach \$1,722,826.27 this fiscal year, leaving \$9,948,524.53 available for payment on victim claims.

Through March 19, 2009 the following payments have been made on victim's claims:

Current Expenditures Fiscal Year To Date 2009	Billed	Paid	Saved
Physical Therapy/Chiropractic	\$205,418.77	\$124,126.58	\$81,292.19
Mental Health Counseling	\$316,991.54	\$238,927.20	\$78,064.34
Survivor Benefit	\$78,394.00	\$78,394.00	\$0.00
Dental Care	\$809,828.04	\$543,726.85	\$266,101.19
Discretionary	\$155,460.85	\$153,801.38	\$1,659.47
Funeral Expense	\$143,430.85	\$143,430.85	\$0.00
Lost Wages	\$295,696.32	\$294,363.32	\$1,333.00
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Prescription Medicine	\$78,456.22	\$75,274.35	\$3,181.87
Vision	\$99,419.83	\$81,628.54	\$17,791.29
TOTALS	\$14,811,301.51	\$5,093,012.97	\$9,718,288.54
* Discretionary payments include: Relocation expenses, Crime scene cleanup, Child care expenses, Home health care, Home security repair, etc.			

This chart shows that there is \$4,855,511.56 in available funding to cover claims through the remaining three months of FY09. Anticipated expenses of \$2,800,000.00 will leave a reserve of \$2,055,511.56. If we include the 2009 stimulus grant funds totaling \$544,273, the VOCP will have a beginning fund balance of \$2,599,784.56 for FY2010.

Conclusion

The record is abundantly clear that the VOCP can, and should provide meaningful assistance to grievously injured victims of crime. The record is clear that the VOCP funding, and its financial management and practices, can support the additional claim costs associated with the limited number of catastrophic injury cases. The record is clear that the VOCP can provide for such victims, without negatively impacting any other VOCP claimants. The record is clear that the VOCP is equipped to manage such claims, and the BOE is equipped to adopt appropriate policies, and provide appropriate oversight of VOCP claims payment practices in these cases.

The time has come to remove the statutory cap on claims so the VOCP can begin to provide meaningful assistance to victims with life-changing catastrophic injuries.

Please support our efforts to help these victims and vote yes on AB 283.